

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2609 - SB 2890

April 12, 2022

SUMMARY OF BILL AS AMENDED (015656): Changes the county population threshold, from 400,000 in the 2010 Census to 360,000 in the 2020 Census, for allowing counties with minor league baseball stadium to receive an apportioned amount of tax revenue from the sale of food, drinks, merchandise, and parking to be used for the retirement of debt and maintenance of the stadium. Establishes that the apportioned amount of tax revenue going to pay for the initial construction of the stadium can be used to pay for costs incurred for three years following either July 1, 2021 or July 1, 2023, as applicable. Requires such allocations to continue until June 30, 2055 unless the debt is retired or sufficient reserve funds are established.

Authorizes teams to continue to receive tax revenue allocations if they relocate to a new stadium in the same municipality. Authorizes a county and city in which the stadium is located in to agree by an interlocal agreement to continue to allocate local sales tax to the sports facility that would otherwise be allocated for school purposes.

ESTIMATED FISCAL IMPACT OF BILL AS AMENDED:

Foregone State Revenue – Exceeds \$110,000/Each FY24-25 through FY54-55

Increase Local Revenue – Exceeds \$110,000/Each FY24-25 through FY54-55

Other Fiscal Impact – An amount exceeding \$45,000 in future local revenue will shift from general purposes to debt repayment in each FY24-25 through FY54-55.

Assumptions for the bill as amended:

- The only county that would be newly eligible to receive a portion of tax revenue from sales at a minor league baseball stadium is Hamilton County; therefore, it is assumed the proposed legislation would apply only to a proposed new stadium for the Chattanooga Lookouts.
- Pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(A)(iv), the stadium is already eligible to receive state and local sales tax revenue from franchised baseball events; therefore, any foregone revenue from such events is considered not significant. However, the proposed legislation will allocate state and local sales tax for non-franchised baseball events as well.

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- Based on First Horizon Park's (Nashville) non-baseball events in 2019, it is estimated that the new stadium in Hamilton County will host at least 40 non-baseball events that are not currently held at the existing stadium.
- It can be reasonably estimated that each event generates at least \$50,000 in taxable sales.
- The apportioned amount of tax revenue applies only to the first 5.5 percent of the 7 percent state sales tax, and to the 2.25 percent local option sales tax.
- The first year of fiscal impact is assumed to be FY24-25. It is further assumed that the allocation will continue through FY54-55.
- The recurring amount of foregone state revenue and an equivalent increase in local revenue is estimated to exceed \$110,000 ($\$50,000 \times 40 \times 5.5\%$) in each FY24-25 through FY54-55.
- It is unknown whether the county and city will enter an interlocal agreement to continue the allocation of local revenue that would have otherwise gone to school purposes as authorized by the legislation. For the purposes of this fiscal analysis, it is assumed that all local revenue associated with the additional events at the new stadium in Hamilton County will be reallocated for debt repayment.
- Therefore, an amount exceeding \$45,000 ($\$50,000 \times 40 \times 2.25\%$) in future local funds that would have been used on other general purposes will shift to debt repayment in each FY24-25 through FY54-55.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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